

No. 2071

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**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
and  
BELGIUM**

**Loan Agreement (with annexed Loan Regulations No. 3).  
Signed at Washington, on 13 September 1951**

*Official text: English.*

*Registered by the International Bank for Reconstruction and Development on  
28 January 1953.*

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**BANQUE INTERNATIONALE POUR  
LA RECONSTRUCTION ET LE DÉVELOPPEMENT  
et  
BELGIQUE**

**Contrat d'emprunt (avec, en annexe, le Règlement n° 3 sur  
les emprunts). Signé à Washington, le 13 septembre 1951**

*Texte officiel anglais.*

*Enregistré par la Banque internationale pour la reconstruction et le développement  
le 28 janvier 1953.*

No. 2071. LOAN AGREEMENT<sup>1</sup> BETWEEN THE KINGDOM OF BELGIUM AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. SIGNED AT WASHINGTON, ON 13 SEPTEMBER 1951

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AGREEMENT, dated September 13, 1951, between KINGDOM OF BELGIUM (hereinafter called the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter called the Bank).

*Article I*

SPECIAL DEFINITIONS

*Section 1.01.* Except where the context otherwise requires, the following terms have the following meanings wherever used in this Agreement or any Schedule hereto :

- (1) The term " Plan " means the Ten-Year Plan for the Social and Economic Development of The Belgian Congo.
- (2) The term " Program " means that part of the Plan described in Part I<sup>2</sup> of Schedule 2<sup>2</sup> to this Agreement, as such Schedule shall be amended from time to time by agreement between the Bank and the Borrower.
- (3) The term " Otraco " means Office d'Exploitation des Transports Coloniaux, an autonomous public institution of The Belgian Congo.
- (4) The term " Otraco Project " means the project described in Part II<sup>2</sup> of Schedule 2 to this Agreement, as such Schedule shall be amended from time to time by agreement between the Bank and the Borrower.
- (5) The term " Loan Regulations " means Loan Regulations No. 3<sup>3</sup> of the Bank, dated December 6, 1950, subject, however, to the modifications<sup>3</sup> thereof set forth in Schedule 3 to this Agreement.
- (6) The term " Agency " means any instrumentality of the Borrower or of a political subdivision of the Borrower and shall include any institution or organization a majority interest in which at the time referred to is owned directly or indirectly by the Borrower or a political subdivision of the Borrower, or all or substantially all of whose obligations are

<sup>1</sup> Came into force on 26 January 1952 upon notification by the Bank to the Government of Belgium.

<sup>2</sup> See p. 364 of this volume.

<sup>3</sup> See p. 366 of this volume.

guaranteed by the Borrower or a political subdivision of the Borrower, or the operations of which are conducted primarily in the interest of or for account of the Borrower or a political subdivision of the Borrower, as the case may be.

## Article II

### THE LOAN

*Section 2.01.* The Bank agrees to lend to the Borrower, on the terms and conditions hereinafter in this Agreement set forth or referred to, the sum of thirty million dollars (\$30,000,000) or the equivalent thereof in currencies other than dollars.

*Section 2.02.* The parties to this Agreement accept all the provisions of the Loan Regulations, a copy of which has been furnished to the Borrower, with the same force and effect as if they were fully set forth herein.

*Section 2.03.* The Borrower shall pay to the Bank a commitment charge as provided in Section 2.02 of the Loan Regulations at the rate of three fourths of one per cent ( $3/4$  of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

*Section 2.04.* The Borrower shall pay interest at the rate of four and one-half per cent ( $4\ 1/2\%$ ) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

*Section 2.05.* Interest and commitment charge shall be payable semi-annually on March 15 and September 15 in each year.

*Section 2.06.* The Borrower shall repay the principal of the Loan in accordance with the amortization schedule set forth in Schedule 1<sup>1</sup> to this Agreement.

## Article III

### PURPOSE OF THE LOAN AND USE OF PROCEEDS

*Section 3.01.* The purpose of the Loan and of the loan of even date herewith to The Belgian Congo is to assist the Borrower and The Belgian Congo in meeting the foreign exchange needs resulting directly and indirectly from the carrying out of the Program. The Borrower shall make the proceeds of the Loan or the equivalent thereof in Congolese or Belgian francs available to The Belgian Congo to be applied to the Otraco Project, which constitutes a substantial and integral part of the Program.

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<sup>1</sup> See p. 362 of this volume.

*Article IV*

## WITHDRAWAL OF PROCEEDS OF LOAN

*Section 4.01.* The Bank shall open a Loan Account on its books in the name of the Borrower and shall credit to such Account the amount of the Loan. The amount of the Loan may be withdrawn from the Loan Account as hereinafter and in the Loan Regulations provided, and subject to the rights of cancellation and suspension set forth in the Loan Regulations. No part of the Loan shall be withdrawn until the loan agreement of even date herewith between the Bank and The Belgian Congo shall have become effective in accordance with its terms.

*Section 4.02.* The Borrower shall be entitled to withdraw from the Loan Account from time to time, in dollars and such other currencies as shall be agreed upon between the Bank and the Borrower, amounts equivalent to three-sevenths (3/7) of such amounts as shall have been expended since June 30, 1951, for the Otraco Project; provided, however, that the rate of such withdrawals shall be determined in such manner, mutually satisfactory to the Bank and the Borrower, as to ensure that the aggregate amount of the Loan withdrawn at any one time shall not bear a substantially greater proportion to the total amount of the Loan than the amount expended on the Program by that time bears to 11,000,000,000 Belgian or Congolese francs.

*Section 4.03.* When the Borrower shall desire to withdraw any amount from the Loan Account, the Borrower shall deliver to the Bank a written application in such form, and containing such statements and agreements, as the Bank shall reasonably request. Since the rate at which Loan proceeds are withdrawn affects the cost to the Bank of holding funds at the Borrower's disposal, applications for withdrawal, with the necessary documentation as in the Loan Regulations provided, shall, except as the Bank and the Borrower shall otherwise agree, be made promptly in relation to expenditures for the Otraco Project.

*Section 4.04* Notwithstanding the provisions of Section 5.01 of the Loan Regulations, no cancellation of the Loan by the Borrower shall, except as the Bank shall otherwise agree, be effective, unless the loan of even date herewith to The Belgian Congo (i) shall have been theretofore cancelled by The Belgian Congo or the Bank or (ii) is cancelled by The Belgian Congo simultaneously with such cancellation of the Loan by the Borrower.

*Article V*

## BONDS

*Section 5.01.* The Borrower shall execute and deliver Bonds representing the principal amount of the Loan as provided in the Loan Regulations.

*Section 5.02.* The Minister of Finance of the Borrower and such person or persons as he shall appoint in writing are designated as authorized representatives of the Borrower for the purposes of Section 6.12 of the Loan Regulations.

### Article VI

#### PARTICULAR COVENANTS

*Section 6.01.* The Borrower shall cause the Program and the Otraco Project to be carried out with due diligence and efficiency.

*Section 6.02.* Without limitation or restriction upon the provisions of Section 6.01 of this Article, the Borrower specifically undertakes, whenever there is reasonable cause to believe that available funds will be inadequate to carry out and complete the Program and the Otraco Project to make arrangements, satisfactory to the Bank, promptly to provide or cause to be provided the necessary funds.

*Section 6.03.(a)* The Borrower and the Bank shall cooperate fully to assure that the purposes of the Loan shall be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Loan. On the part of the Borrower such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

*(b)* The Borrower and the Bank shall from time to time exchange views with regard to matters relating to the purposes of the Loan and the maintenance of the service thereof; and the Borrower shall promptly inform the Bank of any condition which shall arise that shall prevent, obstruct or interfere with the accomplishment of the purposes of the Loan or the maintenance of the service thereof, or threaten to do so.

*(c)* The Borrower shall afford to the Bank all reasonable opportunity for accredited representatives of the Bank to visit freely any part of the territories of the Borrower for purposes consistent with the spirit and purposes of the Loan.

*Section 6.04.* It is the mutual intention of the Borrower and the Bank that no other external debt shall enjoy any priority over the Loan by way of a lien on governmental assets. To that end, the Borrower undertakes that, except as the Bank shall otherwise agree, if any lien shall be created on any assets of the Borrower or any of its political subdivisions or any Agency as security for any external debt, such lien shall equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan and the Bonds, and that in the creation of any such lien express provision shall be made to that effect; provided, however, that this Section shall not apply to any lien created on

any property at the time of purchase thereof solely as security for the payment of the purchase price of such property.

*Section 6.05.* The Borrower covenants that the principal of, and interest and other charges on, the Loan and the Bonds, will be paid without deduction for and free from any taxes imposed by the Borrower or any taxing authority thereof or therein and will be paid free from all restrictions of the Borrower, its political subdivisions or any Agency. The foregoing provisions of this Section shall not apply to taxation of payments under the provisions of any Bond to a holder thereof other than the Bank when such Bond is beneficially owned by an individual or corporate resident of the Borrower.

*Section 6.06.* The Borrower covenants that the Loan Agreement and the Bonds will be free of any issue, stamp or other tax imposed by the Borrower or any taxing authority thereof or therein.

#### *Article VII*

##### REMEDIES OF THE BANK

*Section 7.01.* If any event specified in paragraphs (a) or (b) of Section 5.02 of the Loan Regulations shall occur and shall have continued for a period of thirty days or if an event specified in paragraph (c) of Section 5.02 of the Loan Regulations shall occur and shall have continued for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower, then at any subsequent time during the continuance thereof, the Bank, at its option, may declare the principal of the Loan and of all the Bonds then outstanding to be due and payable immediately, and upon any such declaration such principal shall become due and payable immediately, anything in this Agreement or in the Bonds to the contrary notwithstanding.

*Section 7.02.* The following is specified pursuant to Section 5.02 (h) of the Loan Regulations as an additional event giving the Bank the power to suspend the right of the Borrower to make withdrawals from the Loan Account: if the Bank shall have suspended the right of The Belgian Congo to make withdrawals from the loan account established under the loan agreement of even date herewith with The Belgian Congo.

#### *Article VIII*

##### MISCELLANEOUS

*Section 8.01.* The following is specified as an additional condition to the effectiveness of this Agreement within the meaning of Section 9.01 (b) of the

Loan Regulations : the Borrower shall have made arrangements, satisfactory to the Bank, to make available to The Belgian Congo the proceeds of the Loan or the equivalent thereof in Congolese or Belgian francs as provided in Section 3.01 of this Agreement.

*Section 8.02.* The following is specified as an additional matter, within the meaning of Section 9.02 (c) of the Loan Regulations, to be included in the opinion to be furnished to the Bank : that the arrangements referred to in Section 8.01 of this Agreement are valid and binding on the Borrower.

*Section 8.03.* The date specified for the purposes of Section 9.04 of the Loan Regulations is December 1, 1951.

*Section 8.04.* The Closing Date shall be September 30, 1953.

*Section 8.05.* The following addresses are specified for the purposes of Section 8.01 of the Loan Regulations :

For the Borrower : Ministère des Finances, 12 rue de la Loi, Bruxelles, Belgium.

For the Bank : International Bank for Reconstruction and Development, 1818 H Street, N.W., Washington 25, D. C., United States of America.

*Section 8.06.* The Minister of Finance of the Borrower in office at the time in question is designated for the purposes of Section 8.03 of the Loan Regulations.

*Section 8.07.* In this Agreement any reference to the Minister of Finance of the Borrower shall include a reference to any Minister for the time being acting for or on behalf of the Minister of Finance of the Borrower.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names and delivered in the District of Columbia, United States of America, as of the day and year first above written.

Kingdom of Belgium :

By J. VAN HOUTTE  
Minister of Finance

International Bank for Reconstruction and Development :

By Eugene R. BLACK  
President

## SCHEDULE 1

## AMORTIZATION SCHEDULE

<i>Date Payment Due</i>	<i>Payment of Principal</i>	<i>Principal Amount Outstanding After Each Payment</i>	<i>Date Payment Due</i>	<i>Payment of Principal</i>	<i>Principal Amount Outstanding After Each Payment</i>
Sept. 15, 1956 . . .	\$ —	\$30,000,000	March 15, 1967 . . .	\$750,000	\$14,250,000
March 15, 1957 . . .	750,000	29,250,000	Sept. 15, 1967 . . .	750,000	13,500,000
Sept. 15, 1957 . . .	750,000	28,500,000	March 15, 1968 . . .	750,000	12,750,000
March 15, 1958 . . .	750,000	27,750,000	Sept. 15, 1968 . . .	750,000	12,000,000
Sept. 15, 1958 . . .	750,000	27,000,000	March 15, 1969 . . .	750,000	11,250,000
March 15, 1959 . . .	750,000	26,250,000	Sept. 15, 1969 . . .	750,000	10,500,000
Sept. 15, 1959 . . .	750,000	25,500,000	March 15, 1970 . . .	750,000	9,750,000
March 15, 1960 . . .	750,000	24,750,000	Sept. 15, 1970 . . .	750,000	9,000,000
Sept. 15, 1960 . . .	750,000	24,000,000	March 15, 1971 . . .	750,000	8,250,000
March 15, 1961 . . .	750,000	23,250,000	Sept. 15, 1971 . . .	750,000	7,500,000
Sept. 15, 1961 . . .	750,000	22,500,000	March 15, 1972 . . .	750,000	6,750,000
March 15, 1962 . . .	750,000	21,750,000	Sept. 15, 1972 . . .	750,000	6,000,000
Sept. 15, 1962 . . .	750,000	21,000,000	March 15, 1973 . . .	750,000	5,250,000
March 15, 1963 . . .	750,000	20,250,000	Sept. 15, 1973 . . .	750,000	4,500,000
Sept. 15, 1963 . . .	750,000	19,500,000	March 15, 1974 . . .	750,000	3,750,000
March 15, 1964 . . .	750,000	18,750,000	Sept. 15, 1974 . . .	750,000	3,000,000
Sept. 15, 1964 . . .	750,000	18,000,000	March 15, 1975 . . .	750,000	2,250,000
March 15, 1965 . . .	750,000	17,250,000	Sept. 15, 1975 . . .	750,000	1,500,000
Sept. 15, 1965 . . .	750,000	16,500,000	March 15, 1976 . . .	750,000	750,000
March 15, 1966 . . .	750,000	15,750,000	Sept. 15, 1976 . . .	750,000	—
Sept. 15, 1966 . . .	750,000	15,000,000			

## PREMIUMS ON PREPAYMENT AND REDEMPTION

The following percentages are specified as the premiums payable on repayment in advance of maturity of any part of the principal amount of the Loan pursuant to Section 2.05 (b) of the Loan Regulations or on the redemption of any Bond prior to its maturity pursuant to Section 6.16 of the Loan Regulations :

<i>Time of Prepayment or Redemption</i>	<i>Premium</i>
Not more than 5 years before maturity . . . . .	1/2%
More than 5 years but not more than 10 years before maturity . . . . .	1%
More than 10 years but not more than 15 years before maturity . . . . .	1 1/2%
More than 15 years but not more than 20 years before maturity . . . . .	2%
More than 20 years before maturity . . . . .	2 1/2%



## SCHEDULE 2

## PART I—DESCRIPTION OF PROGRAM

The Program is that part of the Plan which is to be carried out in the period from July 1, 1951, to June 30, 1953. Its cost is estimated at about 11,000,000,000 Belgian francs, or the equivalent in Congolese francs, as shown below :

	<i>Belgian francs</i>
Transport and communications . . . . .	7,100,000,000
Electricity and water supply . . . . .	700,000,000
Towns, housing and public health . . . . .	2,100,000,000
Native education and development of native communities . . . . .	800,000,000
Immigration and research and scientific equipment . . . . .	300,000,000
	11,000,000,000

## PART II—DESCRIPTION OF THE OTRACO PROJECT

The Otraco Project consists of the modernization, improvement, and expansion of the properties of Otraco and its agencies which (i) have already been authorized by the Belgian Congo extraordinary budgets for the years 1949, 1950, and 1951, or may hereafter be so authorized for the year 1952; and (ii) have been or will be paid for in the two years from July 1, 1951, through June 30, 1953. These payments are estimated at 3.5 billion Belgian or Congolese francs.

More particularly, the Otraco Project includes the following :

*Inland Waterways*—(Voies fluviales)

Construction, assembly, and purchase of barges, tugs, and other river craft.

Construction, assembly, and purchase of shipyard and ship repair plant and equipment at Leopoldville and other river ports.

Purchase of cranes and other cargo-handling equipment for Léopoldville and other river ports.

Construction of warehouses and sheds for Leopoldville and other river ports, and the purchase of equipment therefor.

Purchase of harbor craft and lift trucks and other cargo-moving vehicles, for Léopoldville and other river ports.

Construction, modernization, and equipment of houses, dispensaries, schools and staff amenities for Otraco employees and their families.

*Matadi-Leopoldville Railroad*—(Chemin de Fer de Matadi à Leopoldville)

Purchase of diesel-electric locomotives, freight cars, and other rolling stock.

Construction of additional sidings and branches, double tracking, and expansion of yards and stations.

Construction, modernization, and equipment of repair shops for both locomotives and rolling stock.

Construction, modernization, and equipment of houses, dispensaries, schools, and staff amenities for Otraco employees and their families.

*Port of Matadi*

Purchase of cranes and other cargo-handling equipment to improve existing berths and to equip new berths.

Construction of warehouses and sheds.

Purchase of harbor craft and lift trucks and other cargo-moving vehicles.

*Mayumbe Railroad*—(Chemin de Fer du Mayumbe)

Provision of additional facilities to handle and store cargo at Boma.

Purchase of locomotives and rolling stock, and indispensable line works.

Construction, modernization, and equipment of houses, dispensaries, schools, and staff amenities for Otraco employees and their families.

*Kivu Railroad*—(Chemin de Fer du Kivu)

Purchase of trucks and buses for road transport and of barges, tugs and other craft for lake transport and port work.

Procurement of cargo-handling equipment, and construction of warehouses and sheds at ports on Lake Kivu.

Provision of repair and service shops for motor vehicles, and for lake and harbor craft.

Construction, modernization, and equipment of houses, dispensaries, schools, and staff amenities for Otraco employees and their families.

### SCHEDULE 3

#### MODIFICATIONS OF THE LOAN REGULATIONS<sup>1</sup>

For the purposes of this Agreement the provisions of the Loan Regulations shall be deemed to be modified as follows :

(a) The first two sentences of Section 3.01 of the Loan Regulations shall be deemed to be deleted.

(b) Sections 4.01, 4.02 and 4.03 of the Loan Regulations shall be deemed to be deleted.

(c) Section 5.04 of the Loan Regulations shall be deemed to be deleted.

(d) Section 10.01, paragraphs 11 and 12, of the Loan Regulations shall be deemed to be deleted.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
 LOAN REGULATIONS No. 3, DATED 6 DECEMBER 1950  
 REGULATIONS APPLICABLE TO LOANS MADE BY THE BANK TO MEMBER GOVERNMENTS

[Not published herein. See p. 170 of this volume.]

<sup>1</sup> See below.